

State of South Carolina



Office of the State Auditor

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COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

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March 7, 2003

Ms. Linda A. Holtzscheiter, Reimbursement Manager
Mariner Post-Acute Network
15415 Katy Freeway, Suite 800
Houston, Texas 77094

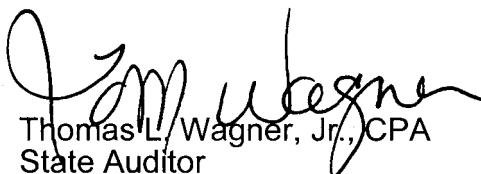
Re: AC# 3-BCC-J0 – Brian Center of Central Columbia, Inc.
d/b/a Central Carolina Health & Rehabilitation Center

Dear Ms. Holtzscheiter:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1999 through September 30, 2000. That report was used to set the rate covering the contract period beginning October 1, 2001.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph P. Hayes

**BRIAN CENTER OF CENTRAL COLUMBIA, INC.
D/B/A CENTRAL CAROLINA HEALTH &
REHABILITATION CENTER**

COLUMBIA, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2001
AC# 3-BCC-J0**

AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

December 6, 2002

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Brian Center of Central Columbia, Inc., d/b/a Central Carolina Health & Rehabilitation Center, for the contract period beginning October 1, 2001, and for the twelve month cost report period ended September 30, 2000, as set forth in the accompanying schedules. The management of Brian Center of Central Columbia, Inc., d/b/a Central Carolina Health & Rehabilitation Center is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

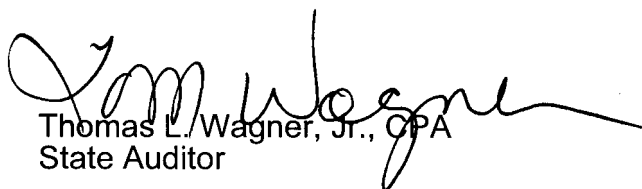
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Brian Center of Central Columbia, Inc., d/b/a Central Carolina Health & Rehabilitation Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Brian Center of Central Columbia, Inc., d/b/a Central Carolina Health & Rehabilitation Center dated as of October 1, 2001 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
December 6, 2002

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER

Computation of Rate Change
For the Contract Period
Beginning October 1, 2001
AC# 3-BCC-J0

	10/01/01- <u>09/30/02</u>
Interim Reimbursement Rate (1)	\$109.36
Adjusted Reimbursement Rate	<u>104.15</u>
Decrease in Reimbursement Rate	\$ <u><u>5.21</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 25, 2002

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2001 Through September 30, 2002
AC# 3-BCC-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$53.40	\$58.02	
Dietary		9.54	10.74	
Laundry/Housekeeping/Maintenance		<u>9.92</u>	<u>9.23</u>	
Subtotal	\$ <u>5.13</u>	72.86	77.99	\$ 72.86
Administration & Medical Records	\$ <u>.24</u>	<u>11.23</u>	<u>11.47</u>	<u>11.23</u>
Subtotal		84.09	<u>\$89.46</u>	84.09
<u>Costs Not Subject to Standards:</u>				
Utilities		2.13		2.13
Special Services		.29		.29
Medical Supplies & Oxygen		3.81		3.81
Taxes and Insurance		1.76		1.76
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$92.08</u>		92.08
Inflation Factor (3.80%)				3.50
Cost of Capital				6.70
Cost of Capital Limitation				(.83)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.24
Cost Incentive				5.13
Effect of \$1.75 Cap on Cost/Profit Incentives				(3.62)
Nurse Aide Staffing Add-On 10/01/00				<u>.95</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$104.15</u>

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$5,026,427	\$ -	\$ 11,228 (4) 821 (4) 737 (5) 23,537 (6) 168,378 (7)	\$4,821,726
Dietary	864,800	-	1,120 (4) 2,133 (5)	861,547
Laundry	263,973	-	592 (4)	263,381
Housekeeping	347,097	1,100 (9)	762 (4) 1,430 (10)	346,005
Maintenance	284,999	1,932 (6) 852 (9)	250 (4) 1,138 (10)	286,395
Administration & Medical Records	1,037,721	1,159 (9)	1,269 (4) 94 (4) 233 (5) 21,651 (6) 1,246 (10)	1,014,387
Utilities	192,496	16 (6) 576 (9)	764 (10)	192,324
Special Services	25,933	295 (8)	326 (4)	25,902
Medical Supplies & Oxygen	456,516	-	40,210 (3) 7,076 (5) 2,636 (7) 62,885 (8)	343,709

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 AC# 3-BCC-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	270,315	772 (9)	111,026 (2) 71 (6) 618 (10)	159,372
Legal Fees	279	-	-	279
Cost of Capital	731,224	718 (9) 7,843 (11)	77,509 (1) 56,408 (6) 454 (10)	605,414
Subtotal	9,501,780	15,263	596,602	8,920,441
Ancillary	136,089	40,210 (3) 9,928 (8)	-	186,227
Non-Allowable	(701,582)	77,509 (1) 111,026 (2) 16,462 (4) 10,179 (5) 99,719 (6) 52,662 (8) 5,650 (10)	5,177 (9) 7,843 (11)	(341,395)
Total Operating Expenses	<u>\$8,936,287</u>	<u>\$438,608</u>	<u>\$609,622</u>	<u>\$8,765,273</u>
Total Patient Days	<u>90,300</u>	<u>-</u>	<u>-</u>	<u>90,300</u>
Total Beds	<u>257</u>			

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER

Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accumulated Depreciation	\$ 382,279	
	Other Equity	785,267	
	Nonallowable	77,509	
	Fixed Assets		\$1,167,546
	Cost of Capital		77,509
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Nonallowable	111,026	
	Taxes and Insurance		111,026
	To adjust liability insurance expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
3	Ancillary	40,210	
	Medical Supplies		40,210
	To reclassify expense to the proper cost center		
	DH&HS Expense Crosswalk		
4	Nonallowable	16,462	
	Nursing		11,228
	Restorative		821
	Dietary		1,120
	Laundry		592
	Housekeeping		762
	Maintenance		250
	Administration		1,269
	Medical Records		94
	Special Services		326
	To adjust fringe benefits and related allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER

Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	10,179	
	Restorative		737
	Dietary		2,133
	Medical Records		233
	Medical Supplies		7,076
	To adjust expense to cost of related organization HIM-15-1, Section 1000		
6	Maintenance	1,932	
	Utilities	16	
	Nonallowable	99,719	
	Nursing		23,537
	Administration		21,651
	Taxes and Insurance		71
	Cost of Capital		56,408
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Bed Hold Revenue	179,028	
	Miscellaneous Income	2,636	
	Intercompany		10,650
	Nursing		168,378
	Medical Supplies		2,636
	To properly offset income against related expense HIM-15-1, Sections 2102.3, 2105.3, 2304 and 2328 State Plan, Attachment 4.19D		
8	Special Services	295	
	Ancillary	9,928	
	Nonallowable	52,662	
	Medical Supplies		62,885
	To remove special (ancillary) services reimbursed by Medicare and reclassify expense to the proper cost center State Plan, Attachment 4.19D DH&HS Expense Crosswalk		

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER

Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
9	Housekeeping	1,100	
	Maintenance	852	
	Administration	1,159	
	Utilities	576	
	Taxes and Insurance	772	
	Cost of Capital	718	
	Nonallowable		5,177
	To reverse DH&HS adjustment to remove indirect cost applicable to a non-reimbursable cost center HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
10	Nonallowable	5,650	
	Housekeeping		1,430
	Maintenance		1,138
	Administration		1,246
	Utilities		764
	Taxes and Insurance		618
	Cost of Capital		454
	To remove indirect cost applicable to a non-reimbursable cost center HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
11	Cost of Capital	7,843	
	Nonallowable		7,843
	To adjust capital return State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$1,787,818</u>	<u>\$1,787,818</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3848</u>
Deemed Asset Value (Per Bed)	37,246
Number of Beds	<u>257</u>
Deemed Asset Value	9,572,222
Improvements Since 1981	1,548,736
Accumulated Depreciation at 9/30/00	<u>(2,671,190)</u>
Deemed Depreciated Value	8,449,768
Market Rate of Return	<u>.058</u>
Total Annual Return	490,087
Return Applicable to Non-Reimbursable Cost Centers	(1,891)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	488,196
Depreciation Expense	169,896
Amortization Expense	653
Capital Related Income Offsets	(52,877)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(454)</u>
Allowable Cost of Capital Expense	605,414
Total Patient Days (Minimum 96% Occupancy)	<u>90,300</u>
Cost of Capital Per Diem	\$ <u><u>6.70</u></u>

CENTRAL CAROLINA HEALTH & REHABILITATION CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2000
AC# 3-BCC-J0

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$1.88
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$5.87</u>
Reimbursable Cost of Capital Per Diem	\$5.87
Cost of Capital Per Diem	<u>6.70</u>
Cost of Capital Per Diem Limitation	<u>\$(.83)</u>

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